GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2009 Biennium

Bill #	HB0672	**Title:**	Revise school bond laws
Primary Sponsor:	Glaser, Bill E	**Status:**	As Introduced

- ☑ Significant Local Gov Impact
- ☐ Needs to be included in HB 2
- ☑ Technical Concerns
- ☐ Included in the Executive Budget
- ☐ Significant Long-Term Impacts
- ☐ Dedicated Revenue Form Attached

FISCAL SUMMARY

	FY 2008 Difference	FY 2009 Difference	FY 2010 Difference	FY 2011 Difference
Expenditures:				
General Fund	$0	$0	$0	$0
Revenue:				
General Fund	$0	$0	$0	$0
Net Impact-General Fund Balance	$0	$0	$0	$0

Description of fiscal impact: This bill raises the maximum amount of debt a school district can incur through the issuance of general obligation bonds and certain other long term obligations from 45% of district taxable valuation to 50% (100% for a K-12 district). It also increases the amount of debt a district can incur when the district is eligible for subsidies under the school facilities acquisition program, by using the greater of the current ANB or 3-year average ANB in the formula for debt limits. The bill raises the percentage of a new industrial facility's taxable valuation that can be used as a basis for the district's issuance of bonds, with a vote, from 45 to 50%, which can be used in cases where an industrial facility seeks taxation as Class 5 property.

FISCAL ANALYSIS

Assumptions:

1. There is no cost to the state for this bill. The bill does not provide additional state funding for repayment of bonds.

2. The increase of bonded indebtedness limits will enable school districts whose voters approve the bonds to issue bonds for larger amounts or issue additional bonds.
3. Taxpayers in districts whose voters pass bond resales up to the larger dollar amount will experience tax increases to repay the bond principal and interest.
4. The limited appropriation for the school facilities acquisition program (tax subsidies for low wealth districts to help them repay bonds) may be prorated among more bonds.
5. Data is not available to determine the bonded indebtedness for all school districts. Data is available on the bonded indebtedness of districts that qualify for school facilities program subsidies on certain bonds, but information on other types of indebtedness, such as intercap loans, notes payable and other debt obligations is not available.

Effect on County or Other Local Revenues or Expenditures:

1. Some school districts may increase taxes to repay greater amounts of bonds than they would if they were limited.
2. Unless the state appropriation is increased, districts issuing bonds may need to levy higher taxes because the state subsidies are spread among more bonded indebtedness. Some districts with existing bonds outstanding may need to increase taxes to make up for the reduction in their share of state subsidies.

Technical Notes:

By changing the ANB used in Section 1, the bill increases the amount of bonded indebtedness that a district can incur but does not similarly increase the calculation of state subsidies used to support the greater amount of debt.

Sponsor's Initials	*Date*	*Budget Director's Initials*	*Date*